



Department of Energy

Washington, DC 20585

March 8, 2007

MEMORANDUM FOR DISTRIBUTION

FROM: PATRICIA J. HODSON, DIRECTOR
OFFICE OF FINANCIAL POLICY *Patricia J. Hodson*

SUBJECT: POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (PRB)
FY 2007 INFORMATION REQUEST

The Department will continue to follow the requirements of Financial Accounting Standards Board (FASB), Statement No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," and FASB Statement No. 132(R), "Employers' Disclosures about Pensions and Other Postretirement Benefits," as amended by FASB Statement No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans," for measuring and reporting costs and liabilities associated with contractor PRB. The most significant change will be the recognition of an amount equal to the plan "funded status" rather than an estimate developed through delayed recognition of economic events. In this regard, the requirements contained in the attached "Department of Energy Postretirement Benefit Plans, 2007 Fiscal Year Information Request," (information request) are applicable to any DOE contractor, whether or not a management and operating contractor, for which the Department has a continuing PRB obligation. Your submissions will be reviewed by Headquarters and used in the development of yearend accrual estimates, as well as consolidated Departmental disclosures. **A copy of the information request should be forwarded to applicable contractors immediately to allow sufficient time to complete the required reporting schedules.**

The required standardized assumptions contained in the information request have been reviewed and updated as needed (e.g., **tables have been modified to incorporate requirements of FASB Statement No. 158; medical trend rates have been adjusted; optional mortality tables have been identified; and the required discount rate selected is 5.75%**). Also, the FY 2007 information request provides, as attachments, a copy of any FY 2006 individual contractor memoranda developed by Chet Andrzejewski of Aon Consulting, Inc. regarding any additional information requested as a result of the FY 2006 review process and applicable individual contractor disclosure sheets, "9/30/2006 Disclosure Information under FAS Statement No. 106." These disclosure sheets contain information necessary for the completion of the FY 2007 information request. For example, the amount on Line D.5, "9/30/2006 Total Accrued Postretirement Benefit Cost," of the attached disclosure sheet(s) must be used on Table A-1, Line A.1, "Accrued Postretirement Benefit Cost at 9/30/2006," of the information request.



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As required in previous information requests, the PRB estimates must be developed by the contractors through the use of qualified actuarial support. One (1) hard copy of the completed submissions should be forwarded to the Office of Financial Policy (CF-50), one (1) hard copy to the Office of Contractor Resources Management (MA-631), and one (1) hard copy to our Headquarters consulting actuary, Chet Andrzejewski, Aon Consulting, Inc., 500 East Pratt Street, Baltimore, Maryland 21202, by June 18, 2007. A compact disk containing the attached reporting schedules and standardized assumptions has also been included. One completed copy of the disk using the prescribed formats (**Microsoft Word 2003 and Microsoft Excel 2003**) must be included with each contractor submission to CF-50, MA-631, and to Aon Consulting, Inc. Any significant deviation from the information request requirements must be justified in writing and submitted to CF-50 for concurrence prior to processing the valuations. **Please note that due to the established schedule for audited Departmental financial statements, it is imperative that the completed submissions and any additional yearend information be provided to CF-50, MA-631, and to our Headquarters consulting actuary on or before the due dates specified in the information request.**

Procedures established by the Office of Finance and Accounting (CF-10) shall be followed for recording PRB costs and liabilities. It should be noted, adjustments to the accrual estimates may be required as additional information becomes available by yearend (e.g., actual employer cash costs for the fiscal year and updated asset information, if applicable, required by August 22, 2007). It should also be noted that the procedures already established by CF-10 for recording the interim estimates should be followed for the quarters ending March 31, 2007, and June 30, 2007. Guidance for recording yearend estimates consistent with FASB Statement No. 158 requirements will be issued prior to yearend.

Please note that if contractors responding to this information request consider any information contained in their responses as business sensitive or proprietary, it should be clearly marked as such.

Please forward the name, phone number, fax number, and e-mail address of a point of contact to CF-50 by March 30, 2007. If you or your staff should have any questions concerning this memorandum, please contact Michael Lynch or Joel Gonzalez of my staff on (202) 586-6894 or (202) 586-9354, respectively.

Attachments

DISTRIBUTION

Thomas C. Foley, Chief Financial Officer, CH
Timothy A. Rea, Finance Team Leader, GFO
Christine Ott, Chief Financial Officer, ID
Floyd E. Boilanger, Jr., Acting Chief Financial Officer, NETL
E. Dennis Martinez, Chief Financial Officer, NNSA
Judith M. Penry, Chief Financial Officer, OR
Gary A. White, Chief Financial Officer, PNRO
Gregory A. Jones, Acting Assistant Manager, Administration, RL
Sheldra Wormhoudt, Director, Planning and Financial Management, SPRO
Sarah A. Blanding, Chief Financial Officer, SR
William J. Leahy, Chief Financial Officer, Schenectady Naval Reactors Office, SNRO
Dean G. Olson, Director, Office of Finance and Accounting, CF-10/GTN
Clarence H. Schlag, Assistant Director, Financial Management, Consolidated Business Center, EM-3.3

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